

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

IN RE:)	Chapter 7
)	
JII LIQUIDATING, INC. f/k/a JERNBERG)	
INDUSTRIES, INC.; JSI LIQUIDATING, INC.)	
f/k/a JERNBERG SALES, INC.; and IM)	Case No. 05 B 25909
LIQUIDATING, LLC f/k/a IRON MOUNTAIN)	[Jointly Administered]
INDUSTRIES, LLC,)	
)	
Debtors.)	Hon. John H. Squires
)	November 21, 2005 at 10:00 a.m.

**NOTICE OF HEARING ON FINAL APPLICATION OF SUGAR, FRIEDBERG &
FELSENTHAL LLP FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES
FOR SEPTEMBER 1, 2005 THROUGH OCTOBER 9, 2005 RELATING TO
REPRESENTATION OF THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS; AND FOR TIME INCURRED RELATING TO FINAL FEE
APPLICATIONS**

TO: SEE ATTACHED SERVICE LIST

PLEASE TAKE NOTICE that Sugar, Friedberg & Felsenthal LLP has filed its **Final Application of Sugar, Friedberg & Felsenthal LLP for Compensation and Reimbursement of Expenses for September 1, 2005 through October 9, 2005 Relating to Representation of the Official Committee of Unsecured Creditors; and for Time Incurred Relating to Final Fee Applications.** The Application seeks \$28,501.00 in fees, \$1,876.48 in expenses, and \$2,041.50 in fees for time incurred relating to final fee applications.

PLEASE TAKE FURTHER NOTICE that a hearing will be held on November 21, 2005 at 10:00 a.m. on the Application before the Honorable John H. Squires, in Courtroom 680 at the Dirksen Building located at 219 S. Dearborn Street, Chicago, Illinois 60604, or before such other judge who may be sitting in his place. At which time you may appear if you see fit. All objections to the relief requested in the Application must be made in writing, filed with the Clerk of the Bankruptcy Court for the Northern District of Illinois and served so as to be received by the undersigned and the attached service list on or before November 14, 2005.

SUGAR, FRIEDBERG & FELSENTHAL LLP

By: /s/ Paula K. Jacobi
Paula K. Jacobi, Esq. (one of its partners)

Paula K. Jacobi, Esq.
Andrew J. Abrams, Esq.
Sugar, Friedberg & Felsenthal LLP
30 North LaSalle Street, Suite 3000
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312-704-9400

CERTIFICATE OF SERVICE

I, Andrew J. Abrams, an attorney, state under penalty of perjury, that I caused to be served on this 24th day of October 2005, true and correct copies of this Notice of Hearing and attachments to the parties, VIA REGULAR MAIL, to the parties listed on the attached Service List.

By: /s/ Andrew J. Abrams
Andrew J. Abrams

SERVICE LIST

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Debtors.)	Hon. John H. Squires
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**FINAL APPLICATION OF SUGAR, FRIEDBERG & FELSENTAL LLP
FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR SEPTEMBER
1, 2005 THROUGH OCTOBER 9, 2005 RELATING TO REPRESENTATION OF THE
OFFICIAL COMMITTEE OF UNSECURED CREDITORS; AND FOR TIME
INCURRED RELATING TO FINAL FEE APPLICATIONS**

Sugar, Friedberg & Felsenthal LLP (“SFF”), attorneys for The Official Committee of Unsecured Creditors of Jernberg Industries, Inc., *et al.* (the “Committee”), pursuant to § 331 of the United States Bankruptcy Code (the “Code”), Rule 2002(a) of the Federal Rules of Bankruptcy Procedure, and the Order (I) Converting Cases to Chapter 7, (II) Setting Deadline and Procedure for Filing and Approval of Final Fee Applications of Chapter 11 Professionals and (III) Limiting and Shortening Notice entered in these cases hereby requests that this Court enter an Order allowing and approving: (i) \$28,501.00 in compensation for SFF’s legal services from September 1, 2005 through October 9, 2005 (the “Application Period”); (ii) \$1,876.48 as reimbursement for costs and expenses incurred and/or booked by SFF in connection with the cases from September 1, 2005 through October 9, 2005; and (iii) \$2,041.50 in compensation for time incurred preparing this Application and the Final Fee Application of FTI Consulting, Inc. (the Committee’s financial adviser). In support of this Application, SFF states as follows:

Background

1. On June 29, 2005, (the “Petition Date”), the captioned debtors (“Debtors”) filed voluntary petitions for relief under Chapter 11 of the Code.
2. On July 21, 2005, this Court entered an Order authorizing the Committee to employ Paula K. Jacobi and the law firm of SFF *nunc pro tunc* to July 13, 2005, the date the Committee retained SFF.
3. On September 26, 2005, this Court entered an Order converting the Chapter 11 cases to Chapter 7 cases and set a deadline of October 24, 2005 for professionals to file their fee applications.
4. As counsel for the Committee, SFF has brought substantial value to this estate. In particular, through the efforts of SFF, the following was accomplished during the Application Period:
 - a. Obtained authority to bring on behalf of Debtors’ estates five (5) adversary proceedings against Unperfected Capital Lessors to recover \$1.5 million;
 - b. Sought and had Debtors substitute for the Committee on the Cross-Appeal so that benefits of the Cross Appeal would be preserved in the event of a conversion;
 - c. Advised the Committee on the issue of conversion and appointment of trustee;
 - d. Was successful with Debtors opposing insurers’ attempts to seize \$800,000 escrow which is property of the estate; and
 - e. Assisted in resolving insurance issue for retirees minimizing payments coming out of the estates.

Reasonable and Necessary Services Rendered by SFF – Generally

5. SFF has made one prior request for compensation and reimbursement in this case. SFF has previously requested \$157,409.75 in compensation for SFF’s legal services from July 13, 2005 through August 31, 2005, and \$13,885.83 as reimbursement for costs and expenses.

6. The following attorneys and paralegals have performed services to the Committee in these cases during the Application Period:

Attorney	Title	Hours Spent	Hourly Rate	Total
Paula K. Jacobi	Partner	46.1	\$375	\$17,287.50
Etahn M. Cohen	Partner	1.5	\$315	\$472.50
Andrew J. Abrams	Associate	46.3	\$240	\$11,112.00
Totals		86.8		\$28,872.00

The following paralegals and secretary performed services to the Committee in these cases.

Paralegal	Hours Spent	Hourly Rate	Total
Rebecca G. Lacy	4.1	\$130	\$533.00
Jennifer L. Sherpan	5.5	\$125	\$687.50
Lindsay M. Bentivegna	6	\$75	\$450.00
Totals	15.6		\$1,670.50

The above hourly rates for legal services are the same rates generally charged by SFF to its non-bankruptcy clients.

5. SFF expended 102.4 hours with a value of \$28,501.00 in connection with its representation of the Committee during the Application Period. SFF expended 7.1 hours with a value of \$2,041.50 in connection with preparing this Application and the Final Application of FTI Consulting, Inc. (the Committee's financial adviser).¹

¹ This total includes an additional \$235.50 in fees relating to supplements to FTI's and SFF's First Interim Fee Applications to show "back-up" for costs requested.

Reasonable and Necessary Services by SFF – Categories by Matter

6. A detailed itemization of the professional time expended in connection with the cases is attached as Exhibit A. In accordance with the factors enumerated in § 331 of the Code, the amount of fees requested is fair and reasonable given: (a) the complexity of these Chapter 11 cases; (b) the time expended; (c) the nature and extent of the services rendered; (d) the value of such services; (e) the costs of comparable services other than in cases under the Code; and (f) the delay in receiving compensation.

7. Exhibit A: (a) identifies the individuals that rendered services in each Subject Matter (as defined below), (b) describes each activity or service that each individual performed, and (c) states the number of hours (in increments of one-tenth or one-twentieth of an hour) spent by each individual providing the services.²

<u>Subject Matter of Services</u>	<u>Hours</u>	<u>Amount Sought</u>
Meetings/Communications with Committee	8.55 hrs.	\$2,963.25

The services provided in this category included, without limitation, (i) communicating with the Committee members individually and in Committee teleconferences or through written communications; (ii) preparing agendas for Committee teleconferences; and (iii) drafting minutes of Committee teleconferences.

<u>LaSalle Issues</u>	.9 hrs.	\$283.50
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² With respect to certain aspects of the case (e.g., Heller appeal, motion to appoint SFF special counsel for Debtors, Premium's motion to modify automatic stay, work regarding non-union retiree committee's actions), different attorneys billed their time to different matters (e.g., general administrative, sale, avoidance matters). This explains why certain work is described in several subject matters but does not reflect duplicative work.

The services provided in this category included, without limitation, (i) preparing notice of withdrawal of objection to claim of LaSalle Bank; and (ii) communicating regarding withdrawal to objection to claim.

<u>Sale Procedure/Related Matters</u>	3.8 hrs.	\$1,430.25
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The services provided in this category included, without limitation, (i) reviewing Heller Financial Leasing, Inc.'s appeal of sale order; (ii) communicating with Debtors and Heller regarding appeal; (iii) working with Debtors on letter of credit issued in connection with sale; and (iv) communicating with Debtors and LaSalle Bank regarding closing of sale and letter of credit.

Debtor Operational Motions/ <u>Related Issues</u>	14.85 hrs.	\$4,743.75
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The services provided in this category included, without limitation, (i) appearing in court regarding non-union retiree issues; (ii) reviewing non-union retiree committee's motion to reinstate retiree benefits; (iii) responding to motion to modify stay and for payment of administrative expense claim filed by Sentry insurance; (iv) preparing and then reviewing discovery relating to Debtors' workers compensation issues; (v) appearing in court on Sentry insurance issue; and (vi) reviewing automatic stay motion filed by Debtors' insurance premium financing company (Premium) and appearing in Court regarding same.

Avoidance Matter/ <u>Insider Issue</u>	53.65 hrs.	\$14,043.25
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The services provided in this category included, without limitation, (i) preparing and appearing in support of motion for leave to prosecute adversary complaints on behalf of Debtors against unperfected capital lessors; (ii) drafting adversary complaints against unperfected capital lessors; (iii) researching issues raised by counsel for Heller as grounds for appeal of sale order; (iv) negotiating settlement with Heller and communicating with Debtors and Heller regarding

same; (v) reviewing Heller's fixture filing as to certain equipment and investigating where equipment is located; (vi) researching UCC issues, including what is proper description of collateral and whether Heller's fixture filing is effective; (vii) preparing notice of cross appeal, statement of issues for cross appeal, and record for cross appeal; (viii) work (research) to ensure cross-appeal preserved in the event of a conversion; (ix) researching grounds to dismiss Heller appeal; (x) preparing application to act as special counsel for Debtors as to Heller appeal and to substitute Debtors for the Committee as cross-appellant; (xi) drafting summary judgment motion against Heller in adversary; and (xii) preparing affidavits for summary judgment motion.

General Administrative

5.9 hrs.

\$1,983.00

The services provided in this category included, without limitation, (i) communicating with Debtors' counsel regarding possible conversion; (ii) conferring with United States Trustee on conversion procedures; (iii) reviewing pleadings filed by non-union retiree committee for injunctive relief; and (iv) appearing in court regarding Debtors' conversion motion.

Retention/Fee Application

21.6 hrs.

\$5,047.50

The services provided in this category included, without limitation, (i) assembling and reviewing monthly billing records before service on notice parties pursuant to case procedures order; (ii) reviewing and categorizing billing for first interim fee application; (iii) drafting first interim fee application for SFF; (iv) revising first interim fee application prepared by FTI Consulting, Inc. (the Committee's financial adviser); (v) appearing in Court in support of first interim fee application of SFF and FTI; (vi) reviewing and categorizing billing for this Application; (vii) drafting this Application and (viii) revising FTI Consulting, Inc.'s Final Fee Application.

Creditor Inquiries

.2 hrs.

\$48.00

The services provided in this category included, without limitation, communicating with creditors regarding status of cases.

8. SFF also seeks \$1,876.73 for costs and expenses it incurred in connection with these cases that were posted during this same period that are reimbursable under applicable rules.

The expenses are set forth on Exhibit A and are as follows:

Expense Category	Amount
Photocopy Charges (\$.10/copy for in-house copies)	\$202.90
UCC Research Regarding Unperfected Capital Leases	\$117.00
Court Reporter Fees for Transcript of Sale Hearing	\$60.00
Federal Express	\$27.34
Delivery Charges	\$2.00
Westlaw Research ³	\$1,096.00
Courtroom Exhibit Board	\$370.52
Long-Distance Telephone	\$0.72
Totals	\$1,876.48

³ For the month of September, SFF researched the following issues on Westlaw: (i) requirements for administrative expense claim; (ii) whether only a "true lease" can be assumed; (iii) whether portion of a court order can be appealed; (iv) standing of committee to act on behalf of estate; (v) grounds to object to appeal where issue not raised below; (vi) grounds for dismissing appeal where appellant failed to raise issue below; and (vii) differences between a "true lease" and "financing lease". The Westlaw charges for the October portion of the Application Period have not been posted, and SFF does not seek reimbursement for these amounts. SFF, however, anticipates being retained by the Chapter 7 trustee to be special counsel as to the matters relating to the research (i.e., prosecution of the unperfected capital leases adversaries and the Heller appeal) and will seek reimbursement at a future date pursuant to that retention.

Conclusion

9. The fees requested by SFF as compensation and expense reimbursement is reasonable value for the services performed, especially considering the stance positions of the parties and the accelerated pace of these cases since the Petition Date.

WHEREFORE, Sugar, Friedberg & Felsenthal LLP respectfully requests that the Court enter an Order (i) authorizing payment of \$28,501.00 in compensation for SFF's legal services from September 1, 2005 through October 9, 2005; (ii) authorizing payment of \$1,876.48 as reimbursement for costs and expenses incurred and/or booked by SFF in connection with these cases from September 1, 2005 through October 9, 2005; (iii) authorizing payment of \$2,041.50 in compensation for time incurred preparing this Application and the Application of FTI Consulting, Inc.; and (iv) granting such other and further relief as is just and suitable.

SUGAR, FRIEDBERG & FELSENTHAL LLP

By: /s/ Paula K. Jacobi
Paula K. Jacobi, Esq., one of SFF's partners

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